



FIFTY-SEVENTH ANNUAL REPORT

THE CROW'S NEST PASS COAL COMPANY,
LIMITED

FERNIE, BRITISH COLUMBIA

ESTABLISHED 1897



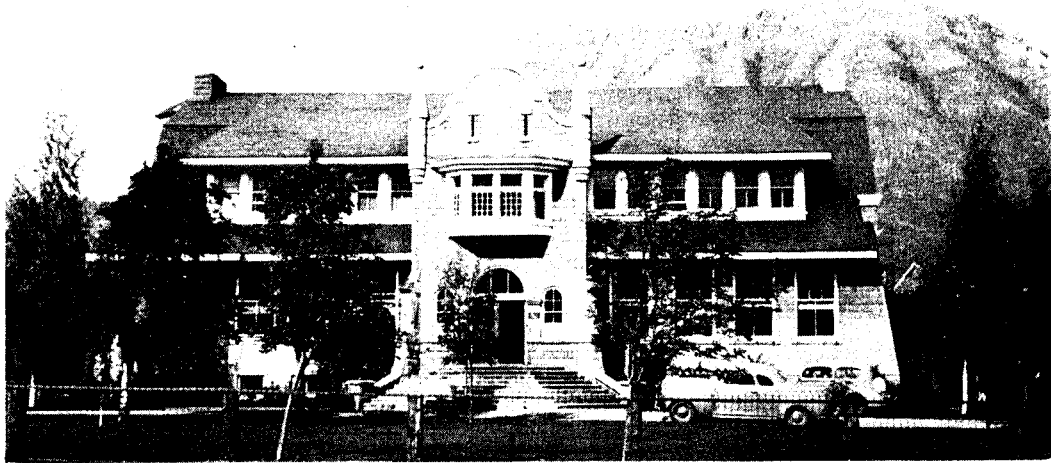
FOR THE YEAR ENDING DECEMBER 31, 1953

FIFTY-SEVENTH ANNUAL REPORT

THE CROW'S NEST PASS COAL COMPANY, LIMITED

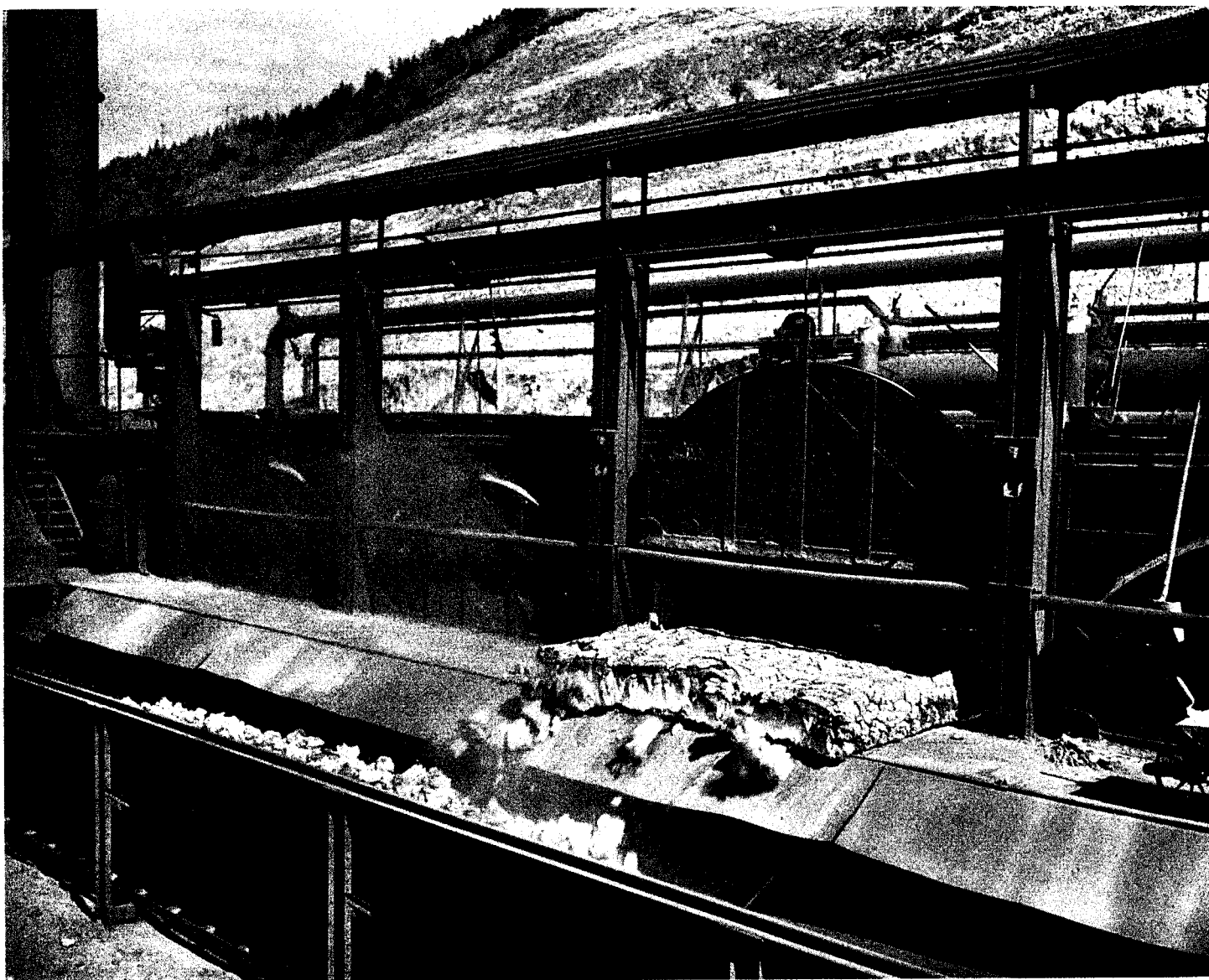
FERNIE, BRITISH COLUMBIA

(Incorporated 1897)



HEAD OFFICE, FERNIE, B.C.

YEAR 1953



BY-PRODUCT COKE OVENS AT MICHEL COLLIERY

BOARD OF DIRECTORS

T. G. Ewart	Thomas Balmer	Welles V. Moot
C. A. Eckart	F. D. Pratt	J. D. Harlan
	D. M. Mitchell	

EXECUTIVE COMMITTEE

Thomas Balmer, *Chairman*

T. G. Ewart	F. D. Pratt
J. D. Harlan	D. M. Mitchell

OFFICERS

T. G. Ewart.....	President
Thomas Balmer.....	First Vice-President
F. D. Pratt.....	Second Vice-President
J. A. Tauer.....	Comptroller
T. H. Wilson.....	General Manager
W. R. Prentice.....	Secretary
D. M. Mitchell.....	Assistant-Secretary
A. L. McPhee.....	Treasurer
Welch, Hinton & Welch.....	Auditors

TRANSFER AGENTS

The Toronto General Trusts Corporation, Toronto, Ont.
Bankers Trust Company, New York, N.Y.

REGISTRARS

National Trust Company, Limited, Toronto, Ont.
The Hanover Bank, New York, N.Y.

REPORT OF THE PRESIDENT

Fernie, British Columbia, March 31st, 1954.

To the Shareholders of The Crow's Nest Pass Coal Company, Limited:

We submit herewith the fifty-seventh Annual Report of your Company for the year ended December 31st, 1953, together with Balance Sheets and statements of Income and Surplus certified by your Auditors, Welch, Hinton and Welch.

INCOME

Net profit after provision for taxes, depreciation and depletion was \$529,480.93. This is an increase of \$30,934.46 from the previous year.

DIVIDENDS

Distribution to shareholders during the year amounted to \$248,472.00 which is equivalent to \$4.00 per share. Net earnings during the year 1953 were equivalent to \$8.52 per share.

INVESTMENTS

Your Company as of the close of business on December 31st, 1953, had investments of \$1,213,203.44 in Dominion of Canada bonds at varying maturity dates. Investment in these securities was made with cash realized from depreciation and depletion reserves and is maintained as a safety measure to provide for emergency and Capital Expenditures.

CAPITAL EXPENDITURES

The net capital expenditures made by this Company during the year amounted to \$562,569.05. The major project was the construction of a briquette plant at Michel Colliery for the purpose of supplying the railway market with satisfactory locomotive fuel.

PRODUCTION

Coal mined amounted to 1,010,686 tons as compared with 1,079,809 tons in 1952. Coke produced amounted to 177,790 tons in 1953 compared with 177,267 tons in 1952.

MARKETS

The over-all market for coal continues to decline and available markets are highly competitive. Despite these factors, production of coal for the year 1954 is expected to be reasonably satisfactory.

EMPLOYEES

On July 3rd, 1953, an Agreement was signed with District 18, United Mine Workers of America, covering wages and working conditions of Company employees for one year.

SUBSIDIARIES

Two subsidiary companies are wholly owned, i.e., the Morrissey, Fernie and Michel Railway and the Crow's Nest Pass Electric Light and Power Company, Limited. According to best information and appraisal available, the investment in these subsidiaries as reflected on the parent company's books does not exceed the net worth of their assets.

OIL DEVELOPMENT

Your wholly owned subsidiary, The Crow's Nest Pass Oil and Gas Company, Limited, continued its participation in oil and gas ventures in Alberta.

To date production has been secured in the Cardium sand in the Buck Lake area. Proven wells are Buck Creek 6-15; Buck Lake 14-21; Wolf Creek 8-35 and Minnehik 10-31. With the exception of the Minnehik well, the other Cardium producers are located in Reservation 1104 in which your Company has a $3\frac{3}{8}\%$ interest in 58,400 acres. Your Company also holds interests varying from $1\frac{1}{8}\%$ to $2\frac{1}{2}\%$ in an additional 128,020 acres adjacent to Reservation 1104. Your producing area is part of the well known Pembina field. Wells already drilled would indicate an area containing 40,000,000 barrels of oil. This area will be extensively developed during 1954 and subsequent years. In addition to the above, oil production was secured in the Viking sand in the Minnehik 11-33 well which is adjacent to the Cardium producing area.

Your Company's total advances to this subsidiary to December 31st, 1953, amounted to \$186,258.98.

LUMBER OPERATIONS

Production of lumber was 8,178,975 board feet for the year, which is a reduction of approximately twenty percent from the previous year. Operations, however, were conducted successfully although earnings were adversely affected by a strike of employees which began October 24th, 1953, and was not terminated until the end of January, 1954.

STEAM PLANT

Your Company has agreed to grant certain individuals an option to lease a limited acreage of your coal lands together with an option to purchase sufficient land for surface mine facilities and a site for a steam power plant. This option expires September 15th, 1954. If this option is exercised, your Company will receive a cash consideration and a royalty per ton on each ton of coal mined by this group. The group is also restricted to mine coal exclusively for power plant purposes.

CONCLUSION

All plants and equipment are being well maintained and are in excellent condition.

By order of the Board of Directors,

T. G. EWART,
President.

THE CROW'S NEST PASS

BALANCE SHEET,

ASSETS

Cash on hand and in banks.....	\$ 316,101.60	
Accounts receivable—trade and sundry.....	862,240.13	
Inventories and supplies at cost or useful value.....	659,001.44	
Bonds and shares (Market Value \$1,151,341.25) at cost.....	1,213,281.09	
Total Current Assets		\$3,050,624.26
Mortgages receivable—Employees' housing		137,999.33
Long term advance to subsidiary company.....	31,075.60	
Advances to subsidiary company for oil and gas exploration and development.....	186,258.98	
Shares of wholly owned companies.....	345,815.03	
		563,149.61
Mines, real estate, plant and equipment at cost less amounts written off to reserves.....	12,462,426.58	
Less: Reserves for depletion, depreciation and amortization	9,108,219.10	
		3,354,207.48
Prepaid insurance.....		3,778.84
<i>Deferred charges to operations:</i>		
Cost of removing overburden prior to coal strip mining		444,265.07
		<u>\$7,554,024.59</u>

To the Shareholders, The Crow's Nest Pass Coal Company, Limited, Fernie, B.C.

We report that we have audited the books and accounts of your Company for the year ended December 31st, 1953, and certify that we have obtained all the information and explanations required.

We confirmed the securities of the Company held for safekeeping by the Imperial Bank of Canada, Vancouver Branch, by certificate from the depository.

The cash and bank balances were verified, either by actual count or by certificates from the depositories.

Full provision has been made for Income Taxes.

The Balance Sheet and Statement of Income submitted herewith do not include the Assets, Liabilities or the operating result of your Subsidiary Companies other than by way of your investment in the shares of the Subsidiaries. The amount shown on the Balance Sheet as advances to subsidiary Company for oil and gas exploration and development represents substantially the cost of the exploration and development undertaken by that Company to December 31st, 1953. The operations of the other Subsidiaries for the year ended December 31st, 1953, resulted in a profit.

Subject to the foregoing, we certify that the accompanying Balance Sheet and Statement of Income are, in our opinion, properly drawn up so as to exhibit a true and correct view of the state of the Company's financial affairs as at December 31st, 1953, and the result of its operations for the year ended that date, according to the best of our information, the explanations given us and as shown by the books of the Company.

WELCH, HINTON & WELCH

Chartered Accountants

February 26th, 1954.

PASS COAL COMPANY, LIMITED

SHEET, DECEMBER 31st, 1953

LIABILITIES

Accounts payable—including accrued wages.....	\$ 209,084.07
Accrued taxes and assessments.	18,237.04
Accounts payable to wholly owned subsidiary companies.....	4,877.53
Income taxes—remainder payable.....	299,547.57
Total Current Liabilities.....	\$ 531,746.21
Deferred purchase contract—coke ovens.....	141,506.15

Capital

Authorized \$10,000,000.00 divided into 100,000 shares

of par value of \$100.00 each

Subscribed and paid up 6,212,666.66

Surplus

December 31st, 1953, as shown on accompanying statement....	668,105.57	
		6,880,772.23
		<u>\$7,554,024.59</u>

This is Balance Sheet referred to in Auditors' Report dated February 26th, 1954.

Signed on behalf of the Board,

THOMAS BALMER, *Director*

F. D. PRATT, *Director*

THE CROW'S NEST PASS COAL COMPANY, LIMITED

STATEMENT OF INCOME

For the year ended December 31st, 1953

Profit from operations.....		\$1,567,192.96
<i>Less:</i> Executive Officers' salaries.....	\$ 67,100.00	
Counsel and legal fees.....	4,800.00	
Directors' fees.....	2,000.00	
Provision for depreciation and depletion.....	564,123.83	
		<u>638,023.83</u>
		\$ 929,169.13
OTHER INCOME		
Interest earned and net sundry income less amortization of investments \$2,072.47.....		79,639.30
		<u>\$1,008,808.43</u>
Provision for Income Taxes, current year.....		479,327.50
Net Profit for Year.....		<u>\$ 529,480.93</u>

STATEMENT OF SURPLUS

December 31st, 1953

Undistributed profits to December 31st, 1952.....	\$ 1,727,728.84	
Profit for the year ended December 31st, 1953, as shown on Statement of Income.....	529,480.93	
	<u>\$ 2,257,209.77</u>	
<i>Less:</i> Dividends paid in 1953.....	248,472.00	
		<u>\$2,008,737.77</u>
<i>Deduct:</i> Distribution to Shareholders to December 31st, 1939, from funds derived through creation of reserve for depletion, per resolution of Directors.....		* 1,340,632.20
<i>Surplus</i> —December 31st, 1953, as shown on Balance Sheet.....		<u>\$ 668,105.57</u>

*This amount represents distributions paid to Shareholders under Section 83, ss. 4 and 5, of the Dominion Companies Act.

THE CROW'S NEST PASS COAL COMPANY, LTD.

COMPARATIVE DISTRIBUTION OF REVENUE DOLLAR

